

Montana Board of Horse Racing
Meeting of the full Board, May 5, 2008
Board of Livestock Conference Room

Board members present: Chairman Al Carruthers, Sue Austin, Mike Tatsey, John Ostlund, Ray 'Topper' Tracy, Susan Egbert.

Meeting was called to order by Chairman Carruthers. Approval of previous minutes were postponed to next meeting. Chairman Carruthers introduced staff members Ryan Sherman, executive Secretary, and Sherry Meador, attorney. MBOHR has contracted with Mr. Sherman and Ms. Meador through the end of the year.

Viv Hammill, chief legal counsel for Department of Labor and Governor Schweitzer's Office, was introduced. Ms. Hammill explained the role of citizen boards in general and their duties to the State. Hammill further explained the governance of the Department of Livestock. It is part of the executive branch and governed by the Board of Livestock, however the Governor decides disputes between board members and all legislation must run through the Governor's office for approval. Ms. Hammill distributed handouts to the board on providing legislative testimony by a board, and the Department of Labor's guide for board actions. Ms. Hammill encouraged the board to be actively engaged in board activities in order to sustain credibility with the public. Ms. Hammill also noted the board needed name plates so that public members could easily identify them as they speak.

Ms. Hammill stated board duties under 23-4-104, and executive secretary duties under 23-4-106. She explained that the MBOHR is administratively attached to the Department of Livestock (DOL) and that MBOHR is an agency to DOL. DOL provides employees to MBOHR and should work with MBOHR in accomplishing executive secretary reviews. MBOHR board members are defined as public employees for purposes of ethics laws (i.e. conflict of interest). Ms. Hammill encouraged the board to take advantage of other agencies' expertise -- rule making, research and analysis, legal services, etc. Mr. Tracy asked Ms. Hammill about the possibility of receiving assistance in dealing with the insurance crisis currently crippling the tracks. Ms. Hammill assured the board that she would follow up with risk management and workers' compensation divisions on a cost effective solution.

Ms. Meador updated the board on the rules' progress for fantasy sports. She stated that the rules committee had participated in the development of draft 6 and that she is working with attorneys with the Department of Labor to complete the proposed rule draft and submit it to Department of Labor by the end of this week for final preparation. The proposed rules will then be published for a 60 day public comment period. Ms. Hammill assured the board that the timeline for the rules to be completed will be consistent with what is needed to implement fantasy sports by the first of September.

Chairman Carruthers then introduced George Parisot from the Montana Lottery. Mr. Parisot has been the Director of Montana Lottery for the last four years, and is a member of the Governor's Cabinet. Mr. Parisot introduced Jeri Duran, Director of Sales and Marketing, and John Tarr, director of Security with

Montana Lottery. He then introduced Zoann Attwood, General Manager of the Helena Intralot office and members of the Atlanta corporate office for Intralot. Intralot is a vendor-partner with Montana Lottery and is the world's largest sports betting company.

Mr. Parisot stated that they would be able to provide to MBOHR significant technology and infrastructure. They are in the business of providing entertaining games. They have 600 retail locations across Montana. They have a state-of-the-art Lottery gaming System, 24-7, 365. They have 7 sales representatives and 8 technicians in Missoula, Kalispell, Great Falls, Helena, Bozeman, Billings and Miles City with system operators and a retailer hotline located in Helena. They provide full-service lottery terminals, satellite communication systems, printers, ticket checkers, customer displays and LED signs. Mr. Parisot emphasized to the board their expertise in doing games. They design, produce and market games including scratch tickets, multi-state and in-state games. Montana Lottery provides in-store point of sale materials; radio, TV, Cable and web-based advertising; in-house marketing staff; and an advertising firm contract with Banik Communications that provides ad design and media placement.

Mr. Parisot then demonstrated a proposed game design – Montana Sports Action. It would be similar to how fantasy sports is played now. Using a play slip, wagers are made by set dollar amounts. Players create their own fantasy sports team based on 6 football positions. Teams are selected using corresponding numbers to the team's city and the player's jersey number, and wagers can be made for the games scheduled for that week. Winners are determined by the total number of points "their team" accrues, and the point system will be determined based on a standard popular point system.

Montana Lottery proposes an inter-agency agreement between the MBOHR and the Montana Lottery. The Lottery would act as the Parimutuel Network administering the state-wide Fantasy Sports League. The Lottery would utilize its central gaming system contract with Intralot to provide the Parimutuel Network Hub through which fantasy sports wagers would be placed. Through the inter-agency agreement the Lottery would license each fantasy sports Parimutuel Facility. Locations that have beer/wine, liquor and/or gaming would be eligible to apply for the Parimutuel Facility License. Lottery retailers who do not have a beer/wine, liquor or gaming license would not be eligible to carry the fantasy sports game. An MOU with DOJ would allow sharing of background and security information. The Fantasy Sports game would be operated by the Montana Lottery on behalf of the Board of Horse Racing. The Fantasy Sports Coordinator and other staff hired by the Board of Horse Racing would be administratively attached to the Montana Lottery and work directly with the Lottery staff to operate the game. Mr. Parisot concluded by saying that they have the infrastructure to accomplish the goals of the Board of Horse Racing. Upon drafting and approval of an inter-agency agreement, work will begin immediately. They expect a game launch of September 2008.

Board member, Sue Austin, moved to accept Montana Lottery's proposal subject to board approval of the inter-agency agreement between the board and the Lottery. John Ostlund seconded the motion. The board voted unanimously in favor of the motion. In order to expedite proceedings, Chairman Carruthers was given authorization by the board to negotiate the inter-agency agreement and present the final copy to the board by email or fax for final approval.

Chairman Carruthers informed the board that Ryan Sherman was meeting with Marlys that afternoon to collect the office computer and any remaining documents. He would also obtain from Marlys a list of who's been hired for the Miles City meet. Ben Carlson informed the board that no stewards have been hired for the Billings meet. There was discussion about the hiring the same state veterinarian as before. The board supported the hire saying she was well qualified.

There was much discussion on whether trainers could head their own horses at the gate. Currently, the Stater who is hired by the track picks his own gate crew for the whole meet. Chairman Carruthers said he's had 10 to 15 calls on this particular issue. Board member, Mike Tatsey, encouraged the board to move on from the problems of last year. Paul Pryor told the board that trainers need an option to head the horse themselves. The potential liability of trainer/headers was discussed. Sue Austin moved to put the discussion of the trainer/header option on the next agenda so that the board can research the issue of liability. Mike Tatsey seconded the motion. The motion passed. Chairman Carruthers asked Sherry Meador to research the liability issue and provide a report to the board at the next board meeting.

The board then discussed distributions of SB 65 purse money to the Billings and Miles City tracks but not the Great Falls. The board did not have an accounting of how much money remained. Chairman Carruthers asked Ryan Sherman to review accounting with George Harris, Financial officer for Dept. of Livestock, and make allocations of remaining funds with the Chair's approval.

Chairman Carruthers informed the board that Mr. Sherman will meet with the former board secretary, Marlys, to get the licensing machine. Marlys will be attending the Miles City meet to school Mr. Sherman on the machine. Lou W? informed the board that the Department of Livestock has hired her as licensing clerk for Miles City and Great Falls meets, but not for Billings.

There was discussion as to whether recent requests for licenses have been responded to. Ryan Sherman will forward the office phone to his cell phone and insure that all requests are handled appropriately.

The Director for the Board of Livestock informed the MBOHR that there was no available office space in the Helena office at this time for the executive secretary. Chairman Carruthers advised the board that Bill Ogg, Montana Expo Park, has offered office space for the executive secretary for the racing season; and, Ben Carlson, Yellowstone Downs offered office space for the executive secretary during their race meet.

Chairman Carruthers informed the board on the status of Advance Deposit Wagering. Ryan Sherman will contact TVG for information. Topper Tracy advised staff to include a letter from the Department of Justice when advising ADW hubs of the requirement to be licensed in the state of Montana. Chairman Carruthers asked Sherry Meador to work with Mr. Sherman to get ADW contracts in place.

Chairman Carruthers opened discussions for public comment. The Montana Racehorse Breeders Association introduced a proposal to the board to support the breeding industry in Montana. Association members in attendance included Lisa Cano, Mark Cassel, Larry Jordan, Paul Pryor, Randy

Weaver, James Flom, Randy Rasmussen, and Cole Bochler. The proposal included a definition of accredited Montana Bred; a definition of an accredited Montana bred preferred; division of group distributions; purse distributions; and, recommendations to the board regarding the option of trainers as headers and distribution of gambling revenue. Chairman Carruthers stated that he would put the Association's proposal on the agenda for the next sit down meeting of the board.

Scott Meader, Missoula Fairgrounds, informed the board that Missoula is developing its plan to return to live racing in 2009, 2010, and 2011. The county commission is still dealing with licensing and liability issues, but is confident those issues can be addressed successfully. The board was excited by the announcement.

Ben Carlson informed the board that he will work with Ryan Sherman on the appropriate distribution of purse dollars, but stated Yellowstone Downs may not be able to hold the first two days of the race meet because of financial constraints. It was noted that the first two days of the meet corresponded with the end of the fair.

Sue Austin recognized the tremendous effort by Chairman Al Carruthers to pull everything together to prepare for a successful 2008 horse racing season. The board and attending public applauded enthusiastically.

Meeting was adjourned at 1pm.